

January 13, 2020

Directive 2020-02

TO: **ALL PARTICIPATING LENDERS**

SUBJECT: **FEDERAL HOUSING FINANCE AGENCY (FHFA) AREA MEDIAN INCOME (AMI)
UPDATE: Rollout of the Freddie Mac AMI structure on February 1, 2020 and
ending of the Special Assistance Grant (SAG)**

This Directive is issued in anticipation of the changes announced by Freddie Mac and US Bank (USB) for conventional loans with borrower qualifying income up to 50% of the jurisdiction Area Median Income (AMI), above 50 and up to 80%, and above 80%, reflected in the Loan Product Advisor (LPA) certificates dated 2/1/20 and after. *(AMI's are based on current Fannie/Freddie limits posted on their websites or in DU/LPA by county).*

The Freddie Mac requirements for loans above, at, and below 80% AMI will apply to Maryland Mortgage Program (MMP) reservations on or after February 1, 2020. MMP is providing a new set of program codes (included on the second page) to be used accordingly. The MMP interest rate will not change based on the AMI. Note: MMP does not have separate codes for loans with borrower income between 50 and 80% AMI as the sorting and pooling of those loans is performed by USB based on the LPA certificates.

USB will use the LPA certificate last run date to determine which loans are subject to the new AMI requirements for above and below 50% and 80% AMI. Lenders are solely responsible for determining the level of the borrower income with regard to the AMI; MMP does not review the respective calculations or the LPA certificate.

MMP is maintaining its (household) maximum income level requirements by jurisdiction. This is usually different from the **qualifying income** needed to determine the loan category in relation to the AMI levels of 50% and 80% respectively.

As always, we strongly encourage our lender partners to closely monitor the changes (overlays) announced by all the parties involved in these transactions (CDA, USB, FNMA, FHFA, FHLMC and the MIs) in relation to their guidelines.

Also effective February 1, 2020, the Special Assistance Grant (SAG) will no longer be available. Existing reservations will be honored.

NEW MMP PRODUCT CODES:

965 – 1ST TIME ADV DIRECT FHLMC

- 260 – 1ST TIME ADV DIR CONV =OR<80% AMI

967 – 1ST TIME ADV 3% DPA FHLMC

- 261 – 1ST TM ADV 5000 CONV =OR<80% AMI

969 – 1ST TIME ADV 5000 FHLMC

- 262 – 1ST TM ADV 3% DPA CONV =OR<80% AMI

887 – FLEX DIRECT FHLMC

- 263 – FLEX DIRECT CONV =OR< 80% AMI

736 – FLEX DIRECT FHLMC+MCC VI

- MCC FLEX DIRECT CONV =OR<80% AMI - 264

890 – FLEX FHLMC

- 265 – FLEX 5000 =OR<80% AMI
- 267 – FLEX 3% DPA CONV =OR<80% AMI

735 – FLEX FHLMC + MCC VI

- MCC FLEX 5000 CONV =OR<80% AMI - 266
- MCC FLEX 3% DPA =OR< 80% AMI - 268

885 – FLEX GRANT FHLMC

- 269 – FLEX 3% GRANT CONV = OR< 80% AMI
- 271 – FLEX 4% GRANT CONV = OR<80% AMI

737 – FLEX GRANT FHLMC + MCC VI

- MCC FLEX 3% GRANT CONV = OR<80% AMI – 270
- MCC FLEX 4% GRANT CONV = OR<80% AMI - 272

891 – HOMEABILITY FHLMC

- 273 – HOMEABILITY CONV = OR < 80% AMI



LARRY HOGAN
Governor
BOYD K. RUTHERFORD
Lt. Governor
KENNETH C. HOLT
Secretary

As always, we appreciate your continued participation in our programs. If you have any questions concerning this Notification or suggestions for improvements, please email singlefamilyhousing.dhcd@maryland.gov.

Sincerely,

Karl Metzgar

Karl Metzgar
Assistant Director / Operations Manager
Single Family Housing



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